Skibo Ltd

Annual report and financial statements

Registered number SC125259

31 March 2016

Contents

Company information

Directors	PM Andersson P Crome S Bath (resigned 31 October 2016)
Secretary	M Lynch
Registered office	Skibo Castle Dornoch Sutherland IV25 3RQ
Auditor	KPMG LLP 319 St Vincent Street Glasgow G2 5AS
Bankers	The Royal Bank of Scotland plc 29 Harbour Road Inverness IV1 1NU
Solicitors	Burness Paull LLP 50 Lothian Road Edinburgh EH3 9WJ

Strategic report

The directors present their strategic report for the year ended 31 March 2016.

Principal activity and business review

The principal activity of the company is the running of an international residential golf and sporting club with accommodation and extensive leisure facilities.

The company's turnover for the year was £9,727,000 *(2015: £9,817,000)* and the loss for the year was £458,000 *(2015: loss of £1,531,000).*

The principal risks and uncertainties affecting the business include the following:

- Major disruption/disaster: the company has insurance in place to minimise the risk of loss or damage. Furthermore, the company has a contingency plan in place in the case of a major disaster.
- Fluctations in quality and/or price of supplies: the company continually monitors the quality of its supplies and regularly checks the prices.
- Compliance with changing legislation: the company utilises external companies who monitor and check our compliance with current legislation.

Key areas of development and performance of the business include:

- The company has a close relationship with its membership and regularly communicates with them.
- Health and Safety: the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved.
- Skibo Limited is aware of its environmental obligations and is continually seeking to reduce its carbon footprint.

Key financial performance indicators include the following profitability and working capital measures.

	2016	2015	Measure
Financial			
Wage (%)	**37%**	36%	Wages/turnover
Debtors days	**17**	9	Trade debtors/turnover x 365
Sales per employee (£000)	**49**	49	Turnover/number of employees

Key non-financial performance indicators include the monitoring of our employees' retention.

	2016	2015	Measure
Non financial			
Staff turnover	**3.9**	5.0	Number of employees/leavers in year

In summary, the directors are satisfied with the business performance in the year. The directors are looking forward to continuing growth in the coming year.

Dividends

No dividends were either paid or proposed during the financial year *(2015: £Nil).*

By order of the board

M Lynch
Secretary

Skibo Castle
Dornoch
Sutherland
IV25 3RQ

13 March 2017

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

Directors

The directors who held office during the year are shown on page 1.

Political and charitable contributions

During the year the company made various charitable contributions amounting to £6,107 *(2015: £3,658)*.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

M Lynch
Secretary

Skibo Castle
Dornoch
Sutherland
IV25 3RQ

13 March 2017

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularity

KPMG

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS
United Kingdom

Independent auditor's report to the members of Skibo Ltd

We have audited the financial statements of Skibo Limited for the year ended 31 March 2016 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

14 March 2017

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	2	**9,727**	9,817
Cost of sales		**(1,485)**	(1,427)
Gross profit		**8,242**	8,390
Administrative expenses		**(8,095)**	(7,894)
Other operating income		**158**	143
Operating profit		**305**	639
Other interest receivable and similar income	*6*	**21**	3
Interest payable and similar charges	*7*	**(784)**	(2,173)
Loss on ordinary activities before taxation		**(458)**	(1,531)
Tax on loss on ordinary activities	*8*	**-**	-
Loss for the financial year		**(458)**	(1,531)

There were no acquisitions or discontinued activities during the current or prior year.

There was no other comprehensive income in the current or prior year other than the loss for the financial year.

Balance Sheet
at 31 March 2016

	Note	2016 £000	£000	2015 £000	£000
Fixed assets					
Tangible assets	*10*		**39,572**		37,671
Investments	*11*		**-**		-
			39,572		37,671
Current assets					
Stocks	*12*	**295**		322	
Debtors	*13*	**1,188**		590	
Cash at bank and in hand		**2,868**		1,826	
		4,351		2,738	
Creditors: amounts falling due within one year	*14*	**(16,047)**		(2,808)	
Net current liabilities			**(11,696)**		(70)
Total assets less current liabilities			**27,876**		37,601
Creditors: amounts falling due after more than one year	*15*		**(10,398)**		(28,804)
Net assets			**17,478**		8,797
Capital and reserves					
Called up share capital	*18*		**15,860**		6,721
Revaluation reserve			**10,962**		10,962
Profit and loss account			**(9,344)**		(8,886)
Shareholders' funds			**17,478**		8,797

These financial statements were approved by the board of directors on 13 March 2017 and were signed on its behalf by:

Peter Crome

Peter Crome
Director

Company registered number: Registered number SC125259

Statement of Changes in Equity

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total Shareholders funds £000
Balance at 1 April 2014	6,721	10,962	(7,355)	10,328
Total comprehensive income for the year				
Loss for the financial year	-	-	(1,531)	(1,531)
Total comprehensive income for the period	-	-	(1,531)	(1,531)
Balance at 31 March 2015	**6,721**	**10,962**	**(8,886)**	**8,797**
Total comprehensive income for the year				
Loss for the financial year	-	-	**(458)**	**(458)**
Total comprehensive income for the year	-	-	**(458)**	**(458)**
Transactions with owners, recorded directly in equity				
Issue of shares	**9,139**	-	-	**9,139**
Balance at 31 March 2016	**15,860**	**10,962**	**(9,344)**	**17,478**

Cash Flow Statement
for year ended 31 March 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Loss for the year		**(458)**	(1,531)
Adjustments for:			
Interest receivable and similar income	*6*	**(21)**	(3)
Interest payable and similar charges	*7*	**784**	2,173
Gain on disposal of fixed assets	*10*	**7**	-
Amortisation		**-**	51
Depreciation	*10*	**829**	814
(Increase)/decrease in trade and other debtors		**(242)**	172
Decrease in stocks		**27**	74
Increase/(decrease) in trade and other creditors		**3,152**	(1,082)
Net cash from operating activities		**4,078**	668
Cash flows from investing activities			
Acquisition of tangible fixed assets	*10*	**(2,737)**	(408)
Interest received	*6*	**21**	-
Net cash from investing activities		**(2,716)**	(408)
Cash flows from financing activities			
Payment of finance lease liabilities		**254**	(42)
Issue of new shares		**9,139**	-
Repayment of loan		**(9,139)**	-
Interest paid		**(574)**	(479)
Net cash from financing activities		**(320)**	(521)
Net increase/(decrease) in cash and cash equivalents		**1,042**	(261)
Cash and cash equivalents at 1 April		**1,826**	2,087
Cash and cash equivalents at 31 March		**2,868**	1,826

Notes

(forming part of the financial statements)

1 Accounting policies

Skibo Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 22.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Fair value or revaluation as deemed cost – The previous GAAP revaluation at transition date has been used as deemed cost for specific tangible fixed assets
- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1 April 2014 rather than commencement date of the arrangement.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements have been prepared on the going concern basis. The company's parent undertaking, Scytherbolle Limited, has indicated that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to pay its liabilities as they fall due and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the undertakings from Scytherbolle Limited, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Intangible fixed assets

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods.

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 10% of value over 50 years
- plant and equipment 5 years
- fixtures and fittings 5-10 years
- motor vehicles 4 years
- office equipment 4 years

Assets in course of construction are not depreciated until they are brought into use.

Leasing and hire purchase

Assets held under lease purchase agreements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related obligations is included in creditors. The interest element of the lease purchase obligations is charged to the profit and loss account so as to provide a constant periodic rate of charge.

Rentals in respect of all other leases are charged to the profit and loss account as incurred.

Investments

Investments held as fixed assets are stored at cost, less provision for permanent impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Turnover

The total turnover of the company for the year has been derived from its principle activity wholly arising in the UK.

3 Auditors' remuneration

	2016 £000	2015 £000
Audit of these financial statements	**21**	22
Amounts receivable by the company's auditor and its associates in respect of:		
Other services relating to taxation	5	5
All other services	-	1

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2016	2015
Management and administration	**25**	27
Front of house and services	**135**	128
Golf course and estate	**40**	45
	200	200
Full time	**115**	115
Part time	**85**	85

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	**3,625**	3,565
Social security costs	**292**	310
Other Staff Costs	**195**	125
	4,112	4,000

Notes *(continued)*

5 Directors' remuneration

	2016	2015
	£000	£000
Directors' remuneration	**221**	212
Company contributions to money purchase pension plans	**42**	13
	263	225

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	2

In respect of the highest paid director, he received aggregate remuneration of £166,217 in the year (2015: £136,950) which included a pension contribution of £34,217 (2015: £12,450).

6 Other interest receivable and similar income

	2016	2015
	£000	£000
Gain on foreign exchange	**17**	-
Bank interest	**4**	3
Total interest receivable and similar income	**21**	3

Notes *(continued)*

7 Interest payable and similar charges

	2016 £000	2015 £000
On bank loans and overdrafts	**410**	387
On finance leases	**14**	12
On other loans	**360**	1,774
Total interest payable and similar charges	**784**	2,173

8 Taxation

There is no current or deferred tax charge in the current or prior year.

Reconciliation of effective tax rate

	2016 £000	2015 £000
Loss excluding taxation	**(458)**	(1,531)
Tax using the UK corporation tax rate of 20 % (2015 : 20%)	**(92)**	(306)
Non-deductible expenses	**10**	(1)
Current year losses for which no deferred tax asset was recognised	**82**	300
Total tax expense included in profit or loss	**-**	-

The company has an unrecognised deferred tax asset which may be available to reduce current tax charges in future years.

9 Intangible assets

	Farm Entitlement £000
Cost	
At beginning and end of year	84
Provision for amortisation	
At beginning and end of year	84
Net book value at 31 March 2016 and 31 March 2015	-

Notes *(continued)*

10 Tangible assets fixed assets

	Freehold land and buildings £000	Tools and Equipment £000	Office equipment & fittings £000	Motor vehicles £000	Under construction £000	Total £000
Cost						
Balance at 1 April 2015	42,482	2,172	333	968	199	46,154
Additions	687	115	54	411	1,470	2,737
Transfer	144	-	-	-	(144)	-
Disposals	-	(8)	-	(91)	-	(99)
Balance at 31 March 2016	43,313	2,279	387	1,288	1,525	48,792
Depreciation						
Balance at 1 April 2015	5,984	1,312	321	866	-	8,483
Charge for year	561	156	18	94	-	829
Released on Disposal	-	(8)	-	(84)	-	(92)
Balance at 31 March 2016	6,545	1,460	339	876	-	9,220
Net book value						
At 1 April 2015	36,498	860	12	102	199	37,671
At 31 March 2016	**36,768**	**820**	**49**	**412**	**1,525**	**39,572**

Included above are assets held under finance lease contracts as follows:

	2016 Net book value £000	**2016 Depreciation charge £000**	2015 Net book value £000	2015 Depreciation charge £000
Assets held under finance leases	**408**	**79**	139	57

Notes *(continued)*

11 Fixed asset investments

	2016 £	2015 £
Subsidiary undertakings	-	4
Highland Grain	1	1
	1	5

The company's investment in its subsidiary companies represents the cost of the acquisition of all of the unpaid ordinary share capital (100%) of Carnegie Clubs (International) Limited and Skibo Golf Limited. Both companies are registered in Scotland. These investments were written down to nil in the year.

At the beginning and end of the year, the net assets of Skibo Golf Limited consisted of allotted and unpaid share capital. The net assets of Carnegie Clubs (International) Limited amounted to £Nil (2014: £Nil). The companies have ceased trading and are dormant.

Skibo invested £1 in Highland Grain Limited during 2008. The company is a supplier to Skibo of grain and agricultural services.

12 Stocks

	2016 £000	2015 £000
Raw materials and consumables	**158**	181
Goods for resale	**137**	141
	295	322

13 Debtors due within one year

	2016 £000	2015 £000
Trade debtors	**444**	243
Amounts owed by group undertakings	**466**	110
Other debtors	-	1
Prepayments and accrued income	**278**	236
	1,188	590

Notes *(continued)*

14 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank loans and overdrafts (see note 16)	**12,000**	-
Trade creditors	**1,038**	697
Taxation and social security	**564**	297
Hire purchase contracts	**106**	61
Accruals	**622**	258
Deferred income	**1,717**	1,495
	16,047	2,808

15 Creditors: amounts falling after more than one year

	2016 £000	2015 £000
Bank loans and overdrafts (see note 16)	-	12,000
Hire purchase contracts	**248**	39
Amounts owed to parent undertakings	**7,204**	9,400
Accrued loan interest due to parent undertaking	**210**	6,943
Deferred income	**2,736**	422
	10,398	28,804

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016 £000	2015 £000
Creditors falling due more than one year		
Secured bank loans	-	12,000
Finance lease liabilities	**106**	39
Loan from parent undertaking	**9,940**	16,343
	10,046	28,382
Creditors falling due within less than one year		
Secured bank loans	**12,000**	-
Finance lease liabilities	**248**	61
	12,248	61

Notes *(continued)*

16 Interest-bearing loans and borrowings *(continued)*

Terms and debt repayment schedule

	Currency	Nominal interest rate	2016	2015
			£000	£000
Loan 1	**GBP**	**LIBOR + 2.35%**	**12,000**	12,000
Finance lease liabilities	**GBP**		**354**	100
Loan from parent undertaking	**GBP**	**6.38%**	**9,940**	16,343
			22,294	28,443

The bank loan and overdraft is secured by a standard security over Skibo Castle and Estate and by a bond and floating charge over the whole of the assets of the company. This carries interest at normal commercial rates. As at 31 March 2016, the loan was repayable in December 2016.

The loans from parent undertaking are in respect of amounts advanced to the company by its parent, Scytherbolle Limited. Interest is charged at 6.38%. During the year, a portion of the loans have been capitalised and the remainder has been extended to 2024.

17 Deferred tax

The company has an unrecognised deferred tax asset of £1,481,244 (2015: £1,544,948) which has not been recognised due to uncertainty in its recovery.

18 Share capital

	2016	2015
	£000	£000
Allotted, called up and fully paid		
6,720,744 ordinary shares of £1 each	**6,721**	6,721
9,139,000 ordinary shares of £1 each	**9,139**	-
	15,860	6,721

19 Related parties

In prior years, the company borrowed £9.4m from its parent undertaking, Scytherbolle Limited. At the prior year end the amount outstanding including accrued interest due to Scytherbolle Limited was £16.3 million. During the current year, £2.2 million of the loan plus the accrued interest of £6.9 million were capitalised. The remaining loan of £7.2 million was extended to 2024 and as at 31 March 2016, this has accrued interest of £0.2 million. The terms of this loan and details of repayment are given in note 16.

Ellis Short was a related party during the year. He made purchases during the year of £251,317 (2015: £182,874). The net balance outstanding at 31 March 2016 due to the company from Ellis Short is £466,008 (2015: £110,204).

20 Ultimate parent company and parent company of larger group

The Company's ultimate parent undertaking is Scytherbolle Limited, a company registered in Bermuda.

Notes *(continued)*

21 Post balance sheet events

On 15 December 2016, the company arranged £12,000,000 of loan financing, secured by a floating charge over the assets of the company.

22 Explanation of transition to FRS 102 from UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the table.

Reconciliation of loss and profit and loss reserves from old UK GAAP to FRS 102

	Note	Loss for the year to 31 March 2015 £000	Profit and loss reserves as at 31 March 2015 £000	Profit and loss reserves as at 1 April 2014 £000
Amount under previous GAAP		**(1,531)**	**(8,881)**	**(7,355)**
Being reversal of release from the revaluation reserve	*a*	-	(5)	-
Amount under FRS 102		**(1,531)**	**(8,886)**	**(7,355)**

Note to the reconciliation of equity

a) The company has elected to take the deemed cost approach which allows them to take the current net book value of the revalued assets as at the date of transition (1 April 2014) and deem this to be their net book value going forward. Therefore, the release from the revaluation reserve to the profit and loss reserve has been reversed so that the carrying value of the revalued asset as at 1 April 2014 is taken as the deemed cost going forward and the balance of the revaluation reserve at that date remains constant going forward. This adjustment has an impact only on the revaluation reserve and the profit and loss reserves. There is no impact on the loss for the year or the equity.